

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 58253

TOWN OF COULEE CITY

Grant County, Washington

January 1, 1994 Through December 31, 1995

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TOWN OF COULEE CITY
Grant County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Compliance With State
Laws And Regulations**

Mayor
Town of Coulee City
Coulee City, Washington

We have audited the financial statements, as listed in the table of contents, of the Town of Coulee City, Grant County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated January 27, 1997.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the town complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the town's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the town and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the town complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. However, we noted instances of noncompliance of regulatory requirements immaterial to the financial statements which are identified in the Schedule of Findings accompanying this report. With respect to items not tested, nothing came to our attention that caused us to believe that the town had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 27, 1997

TOWN OF COULEE CITY
Grant County, Washington
January 1, 1994 Through December 31, 1995

Schedule Of Findings

1. The Town Should Improve Internal Controls Over Cash Receipts

During our audit of the town, we noted the following internal control weaknesses in the cash receipting system:

- a. Recreational vehicle park receipts were not deposited intact or in a timely manner. During the summer of 1995, the park generated \$48,000. Park attendants held funds for one to two weeks before making a deposit with the town treasurer. In addition, the cash and check composition per the receipts was not reconciled to the deposit. This reconciliation is essential to safeguarding collections.
- b. The town occasionally issued Rediform receipts. These are unofficial forms which don't provide the necessary control and accountability over receipts.
- c. The cash or check composition was not consistently indicated on receipts.

These weaknesses increase the risk that errors and/or theft may occur and not be detected in a timely manner, if at all.

We recommend the town deposit recreational vehicle park revenue timely and intact. We also recommend the town issue only official, prenumbered receipts which denote composition.

Auditee's Response

The recreational vehicle park issues have been discussed with the park attendant and controls have been improved. The park attendant is turning money in twice a week. The procedures of reconciliation of cash and check composition will be consistently monitored. The town will use only official, pre-numbered receipts.

Auditor's Concluding Remarks

We appreciate the town's commitment to resolve the issues noted in our finding. We will review the implemented controls during our next audit.

2. The Town Should Comply With Ordinances Governing Utility Collections

Our audit of the town's \$89,000 utility billing system revealed that the collection provisions of adopted town ordinances were not being enforced.

Town Ordinance No. 314 states in part:

. . . it will not furnish water service to any customer whatsoever free of charge

Town Ordinance No. 391 states in part:

. . . if the delinquent bill is not paid by the 15th of the following month, that resident's water will be shut off

As of February 1995, we noted that the town continued water service to twenty-seven delinquent accounts. Thirteen of these accounts were more than three months past due. The town's failure to apply collection procedures to utility charges owing may result in a loss of revenue to the town.

We recommend the town comply with established ordinances.

Auditee's Response

In response to the finding, the town has amended the ordinance pertaining to utility billing and deposits. This amendment requires utility billings to be the responsibility of the property owner. Collection procedures are being monitored and the ordinance is being followed for nonpayment on account.

Auditor's Concluding Remarks

The town appears to have taken measures to improve collection procedures. We will review the town's progress in this area during our next audit.

3. The Town Should Improve Internal Controls Over Ambulance Billings And Collections

Our audit of the town's \$25,000 ambulance billing system revealed the following internal control weaknesses:

- a. A control account was neither maintained nor reconciled. A control account summarizes the activity of individual accounts. It is necessary to safeguard receipts and ensure the integrity of related accounts.
- b. Late charges were not imposed.

Town Resolution No. 142 states in part:

. . . Failure to pay any charges imposed hereunder within 90 days from the date of initial billing will result in a late charge equal to 11.2% of the unpaid balance per month

- c. Continuous and timely attempts have not been made to collect amounts owed. As of December 1995, approximately 56 percent of the town's ambulance accounts were delinquent. One year later, many of these accounts remained outstanding.

The town's failure to implement internal controls which ensure that ambulance fees are assessed, tracked, and paid increases the risk that errors and/or theft could occur and not be detected in a timely manner, if at all. It may also result in a loss of revenue to the town.

We recommend the town establish and periodically reconcile a control account. We also recommend the town assess late charges and implement procedures to collect outstanding amounts.

Auditee's Response

The town will review delinquent accounts and determine if any need to be written off. The town has contracted with a service agency to perform ambulance billings and collections. The town intends to monitor the contracted service.

Auditor's Concluding Remarks

The town has adequately addressed our concerns. We will review implemented controls and arrangements with the contracted service during our next audit.

We also wish to thank town officials and personnel for their assistance and cooperation during the audit.

TOWN OF COULEE CITY
Grant County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Financial Statements And Additional
Information**

Mayor
Town of Coulee City
Coulee City, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the Town of Coulee City, Grant County, Washington, for the fiscal years ended December 31, 1995 and 1994. These financial statements are the responsibility of the town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the town prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Town of Coulee City for the fiscal years ended December 31, 1995 and 1994, on the cash basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Long-Term Debt and Schedules of State Financial Assistance

are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 27, 1997